

Message Text

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ACTION EA-10

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CINCPAC FOR POLAD

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TAGS: ETRD, PFOR, CH

SUBJECT: PEOPLE'S DAILY ON CHINA'S FOREIGN TRADE

REF: PEKING 1177; HONG KONG 7807

1. SUMMARY COMMENT: COINCIDENT WITH OPENING OF CHINA'S 36TH CANTON FAIR, AN OCT 15 PEOPLE'S DAILY ARTICLE HAS PROVIDED THE MOST COMPREHENSIVE CHINESE MEDIA STATEMENT ON PRC FOREIGN TRADE POLICY SINCE FOREIGN TRADE MINISTER LI CH'ANG'S ARTICLE IN "CHINA'S FOREIGN TRADE" LAST JULY (REFTELS). SINCE LI'S ARTICLE WAS NEVER REPLAYED IN PRC DOMESTIC MEDIA, THE "PD" PIECE ALSO CONSTITUTES THE MOST AUTHORITATIVE PUBLIC DEFENSE OF AN OUTWARD LOOKING CHINESE TRADE POLICY WHICH WE CAN RECALL SINCE THE BEGINNING OF THE ANTI-LIN, ANTI-CONFUCIUS CAMPAIGN. UNDERSCORING ITS IMPORTANCE, ATTENTION WAS ALSO CALLED TO THIS ARTICLE IN PEKING RADIO BROADCAST OCT 15.

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2. LI'S ARTICLE AND THE "PD" PIECE HAVE NUMEROUS SIMILARITIES, BUT ALSO SIGNIFICANT DIFFERENCES. WHILE LI, WRITING FOR FOREIGN CONSUMPTION, MADE ONLY MINIMAL REFERENCES TO "SUPERPOWERS," "IMPERIALISM" AND "SOCIAL IMPERIALISM," "PD'S" TREATMENT IS FAR LESS RESTRAINED. ATTACKING THE US AND USSR BY NAME WITH THE LATTER GETTING THE WORST OF IT, "PD" ARGUES THAT CHINA'S FOREIGN TRADE POLICY IS AN IMPORTANT MEANS OF SUPPORTING THIRD WORLD COUNTRIES

IN THEIR STRUGGLES AGAINST "IMPERIALISM AND HEGEMONISM." IN THE END, HOWEVER, "PD" DIFFERS LITTLE FROM MINISTER LI, AS IT CALLS FOR CONTINUED EFFORTS TO EXPAND CHINA'S TRADE WITH "ALL COUNTRIES OF THE WORLD," AND IMPLICITLY DEFENDS THE IMPORTATION OF EQUIPMENT AND TECHNOLOGY TO SPUR CHINA'S "SOCIALIST CONSTRUCTION." END SUMMARY COMMENT.

3. WRITTEN BY CHU HSUAN (STC 0328/6513 - WE HAVE NO INFORMATION ON THIS PERSON) AND ENTITLED "DEVELOP FOREIGN TRADE BY MAINTAINING INDEPENDENCE AND HOLDING THE INITIATIVE IN OUR OWN HANDS," THE "PD" ARTICLE BEGINS WITH A STANDARD RECITATION OF FACTS AND FIGURES WHICH CHARACTERIZE MOST CANTON FAIR-RELATED MEDIA PIECES, MANY OF WHICH APPEARED IN THE JULY LI CH'ANG ARTICLE. CHINA NOW TRADES IT SAYS WITH OVER 150 COUNTRIES AND REGIONS OF WHICH 50 HAVE BILATERAL TRADE AGREEMENTS WITH THE PRC, AND LAST YEAR THE LEVELS OF THIS TRADE WAS 2.59 TIMES THAT OF 1965 (LI SAID ONLY 2.5).

AFTER REVIEWING THE PROGRESS OF THE CANTON FAIRS FROM 1957 TO 1974 IT REMINDS THE READER THAT SINCE THE FOUNDING OF THE PRC CHINA HAS PARTICIPATED IN INTERNATIONAL FAIRS OR STAGED UNILATERAL TRADE EXHIBITIONS IN OVER 70 COUNTRIES, WHILE OVER 20 COUNTRIES HAVE HELD MORE THAN 90 INDUSTRIAL, TECHNOLOGICAL AND TRADE EXHIBITIONS IN THE PRC.

4. AFTER THIS GENERAL REVIEW, THE ARTICLE TURNS TO THE BASIC PRINCIPLES OF PRC TRADE POLICY, RECITING THE HOARY SLOGANS OF "SELF-RELIANCE," "EQUALITY AND MUTUAL BENEFIT," AND "SUPPLYING EACH OTHERS NEEDS." BEFORE 1949, IT SAYS, CHINA SUFFERED AT THE HANDS OF IMPERIALISM AND WAS REDUCED TO SEMI-COLONIAL STATUS. THIS WAS CORRECTED AFTER 1949 WITH THE PROMPT ELIMINATION OF ALL FOREIGN PRIVILEGES AND EXTERNAL CONTROL OVER THE COUNTRY'S FOREIGN TRADE. SINCE THEN CHINA HAS HAD A "BRAND NEW FOREIGN LIMITED OFFICIAL USE

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TRADE," WHICH "POSITIVELY SERVES THE MASSES AND ACTIVELY STIMULATES THE BUILDING AND DEVELOPMENT OF THE COUNTRY."

5. EXPERIENCE SHOWS, THE ARTICLE CONTINUES, THAT STATE MONOPOLY OF FOREIGN TRADE IS NECESSARY, AS IS A POLICY OF SELF-RELIANCE, " BUT THIS CERTAINLY DOES NOT MEAN THAT WE SHUT OURSELVES OFF FROM THE OUTSIDE WORLD... WE HAVE ALWAYS BELIEVED THAT ACTIVELY DEVELOPING TRADE WITH OTHER COUNTRIES AND CARRYING OUT

ECONOMIC AND TECHNICAL EXCHANGES...ARE BENEFICIAL AND NECESSARY TO PROMOTING ECONOMIC DEVELOPMENT." THOUGH CHINA RELIES MAINLY ON ITS OWN EFFORTS TO BUILD AND EXPAND ITS ECONOMY, THE ARTICLE SAYS, SO LONG AS IT CONTINUES TO EXPAND EXPORTS IT CAN ALSO IMPORT ESSENTIAL MATERIALS AND OTHER COMMODITIES FOR THE PEOPLE'S EVERYDAY LIFE, AND TO DO SO DOES NOT MEAN THAT CHINA IS BECOMING DEPENDENT ON IMPORTS TO MEET ITS INTERNAL ECONOMIC REQUIREMENTS. TO SHOW WHERE CHINA DRAWS THE LINE, HOWEVER, THE ARTICLE STATES EMPHATICALLY THAT "NEW CHINA... WILL NEVER EXPLOIT OUR INTERNAL OR OTHER COUNTRIES' RESOURCES TOGETHER WITH ANOTHER COUNTRY, LET ALONE ENTER INTO JOINT-MANAGEMENT VENTURES WITH FOREIGN COUNTRIES AS DOES THE SUPERPOWER WHICH HANGS OUT THE SIGNBOARD OF SOCIALISM."

6. WITH THIS SAID, THE "PD" ARTICLE TURNS FROM CONVENTIONAL DEFENSE OF PRC TRADE POLICY TO LENGTHY PASSAGES LINKING TRADE WITH THE STRUGGLES OF THIRD WORLD COUNTRIES AGAINST THE "SUPERPOWERS," "IMPERIALISM" AND "HEGEMONISM." CHINA HAS CONSISTENTLY SOUGHT TO DEVELOP TRADE WITH OTHER SOCIALIST COUNTRIES AND WITH COUNTRIES WITH DIFFERENT SOCIAL SYSTEMS, THE ARTICLE SAYS, BUT OF SPECIAL IMPORTANCE IS FACT THAT CHINA IS DEVELOPING COUNTRY AND MEMBER OF THIRD WORLD. DEVELOPING TRADE WITH THE THIRD WORLD IS NOT MERELY MATTER OF EXCHANGING GOODS, BUT IS ALSO IMPORTANT MEANS OF MUTUAL SUPPORT AND GREAT SIGNIFICANCE IN STRENGTHENING THE ANTI-IMPERIALIST, ANTI-HEGEMONIST FORCES.

7. IN TODAY'S WORLD THE ARTICLE CONTINUES, THE US AND SOVIET UNION ARE CONSTANTLY USING TRADE TO CONTROL AND EXPLOIT OTHER COUNTRIES, USING THEIR POWER TO RAISE THE PRICES OF FINISHED GOODS WHILE PUSHING DOWN THE PRICES OF RAW MATERIALS, IMPEDING OTHER COUNTRIES' ECONOMIC DEVELOPMENT. THE USSR, WHICH CLAIMS TO BE A NATURAL ALLY OF THE ASIAN, AFRICAN AND LATIN AMERICAN COUNTRIES IS SAID TO BE ESPECIALLY UGLY IN THIS LIMITED OFFICIAL USE

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RESPECT, SELLING ITS ARMS AND INDUSTRIAL GOODS AT HIGH PRICES WHILE GETTING BACK PETROLEUM AND NATURAL GAS IN RETURN. " THIS IS BAREFACED IMPERIALIST BEHAVIOUR," THE ARTICLE CONTINUES, "WHERE IS THERE A TRACE OF SOCIALISM IN IT."

8. THESE AND OTHER CHARGES LODGED AGAINST THE "SUPERPOWERS" ARE CONTRASTED WITH PRC POLICY WHICH, THE ARTICLE ARGUES, IS BASED ON RESPECT FOR THE SOVEREIGNTY AND ASPIRATIONS OF TRADING PARTNERS. WITH IMPLIED REFERENCE TO CHINA'S FOREIGN AID, THE ARTICLE ASSERTS THAT "IN ORDER TO SUPPORT (THIRD WORLD) COUNTRIES IN THEIR... ANTI-IMPERIALIST STRUGGLES, WE, TO THE BEST OF OUR ABILITY, SUPPLY THEM MATERIALS WHICH THEY BADLY NEED AND BUY SOME PRODUCTS WHICH ARE DIFFICULT FOR THEM TO SELL. WE HELP DEVELOPING COUNTRIES IMPROVE THEIR POSITIONS WITH RESPECT TO

RAW MATERIALS, PRIMARY PRODUCTS, SEMI-MANUFACTURED AND FINISHED GOODS AND TO EXPAND MARKETS, SECURE FAIR PRICES AND ESTABLISH VARIOUS MEANS OF SHIPPING THEIR RAW MATERIALS.

9 AFTER DWELLING ON THE ANTI-SUPERPOWER, THIRD WORLD THEME AT LENGTH, THE ARTICLE FINALLY NOTES THAT PRC NOW TRADES WITH OVER 100 THIRD WORLD NATIONS AND THAT THE VALUE OF THIS TRADE INCREASED BY 165 PERCENT BETWEEN 1966 AND 1973. TURNING BACK TO THE ROLE OF TRADE IN CHINA'S OWN DEVELOPMENT, IT STATES THAT FOREIGN TRADE IS AN INTEGRAL PART OF CHINA'S "SOCIALIST CONSTRUCTION" AND THAT "WE MUST... ACTIVELY DEVELOP TRADE WITH ALL COUNTRIES OF THE WORLD AND EXPAND ECONOMIC AND TECHNICAL EXCHANGES." CONCLUDING, IT SAYS THAT "WE IMPORT SOME NEEDED NEW TECHNIQUES AND INDUSTRIAL FACILITIES AND OTHER ESSENTIAL MATERIALS... THIS IS TO STRENGTHEN OUR OWN EFFORTS IN SELF-RELIANCE AND BRING ABOUT THE RAPID DEVELOPMENT OF SOCIALIST CONSTRUCTION."

10. COMMENT: AS INDICATED, THIS ARTICLE DIFFERS SHARPLY FROM LI CH'ANG'S IN DEGREE TO WHICH IT USES IDEOLOGICAL, ANTI-SUPERPOWER, PRO-THIRD WORLD RHETORIC. DESPITE THE POLEMICS, HOWEVER, IT ADVOCATES AN ESSENTIALLY UNCHANGED, OUTWARD LOOKING TRADE POLICY. IT THUS SEEMS AN ELABORATE RATIONALIZATION OF EXISTING POLICY, PERHAPS REFLECTING ATTEMPTED RESOLUTION OF DEBATE BETWEEN PRC MODERNIZERS WHO WISH TO CONTINUE SUBSTANTIAL IMPORTS OF EQUIPMENT AND TECHNOLOGY AND THOSE WHO OPPOSE LIMITED OFFICIAL USE

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EXCESSIVE DEPENDENCE ON THE US AND OTHER INDUSTRIALIZED SOURCES OF SUPPLY. IN SHORT, THE ANTI-SUPER POWER ATTACK APPEARS TO FUNCTION AS AN ADDITIONAL ARGUMENT WITH WHICH MODERATES SEEK TO JUSTIFY CONTINUATION OF THE STATUS QUO. IN ACTUAL FACT, THE THIRD WORLD HAS DISPROPORTIONATELY SMALL SHARE OF PRC TRADE AND THERE IS NO HINT IN THE "PD" ARTICLE OF EFFORTS TO CHANGE THIS SITUATION.

11. THAT THERE MAY BE A NEW CONSENSUS ON TRADE POLICY IS SUPPORTED BY TWO REPORTS USLO HAS RECEIVED FROM DIPLOMATIC SOURCES IN PEKING. IN AUGUST WE HEARD FROM ETHIOPIAN AMBASSADOR MAKONNEN THAT A HIGH LEVEL MEETING WOULD SOON BE HELD TO DEBATE PRC IMPORT POLICY, WITH ATTENTION PAID TO WHETHER CHINA SHOULD CONTINUE ITS PRESENT COURSE OR PULL BACK TO A NEW POSITION OF GREATER SELF-RELIANCE (PEKING 1409). NOW ROMANIAN DCM DOROBANTU TELLS US THAT SUCH A MEETING WAS HELD IN JULY OR AUGUST UNDER CENTRAL COMMITTEE AUSPICES, AND THAT, IN HIS OPINION, THE "PD" ARTICLE REFLECTS POLICY LAID DOWN THEN.
HOLDRIDGE

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